

INCOME TAX ACT OF 1967 (EXCERPT)
Act 281 of 1967

206.264 Contribution to medical care savings account; credit against tax; definitions.

Sec. 264. (1) For the 1994 tax year and each tax year after 1994, a taxpayer, other than a resident estate or trust, may credit against the tax imposed by this act an amount equal to 3.3% of the amount contributed in the tax year by the taxpayer or on behalf of the taxpayer to a medical care savings account to the extent that the contribution is accepted by an account administrator pursuant to the medical care savings account act.

(2) The credit under this section shall not be taken unless the taxpayer who establishes a medical care savings account or on whose behalf a medical care savings account is established is not covered by any health coverage policy, certificate, or contract or self-funded plan other than a qualified higher deductible health plan purchased pursuant to the medical care savings account act.

(3) If the taxpayer files a joint return, each joint filer may take the credit under this section if he or she meets the restriction under subsection (2). If the taxpayer is married and files a single return or is not married, the taxpayer may take the credit under this section if he or she meets the restriction under subsection (2).

(4) A taxpayer shall deduct from the amount of a contribution used to calculate the credit under this section any amount that the taxpayer withdraws in the tax year for a purpose other than 1 of the following:

(a) A purpose for which those funds may be utilized as described in section 4(3) of the medical care savings account act, being section 550.984 of the Michigan Compiled Laws.

(b) A distribution or transfer pursuant to section 5(3) or (5) of the medical care savings act, being section 550.985 of the Michigan Compiled Laws.

(5) If the amount of the credit exceeds the tax liability of the taxpayer for the tax year, that portion of the credit that exceeds the tax liability shall not be refunded.

(6) The credit under this section shall not be taken by a taxpayer in the tax year in which a federal income tax deduction or credit becomes available for contributions to a medical care savings account or any similar federal program or in any subsequent year.

(7) As used in this section:

(a) "Account administrator" and "medical care savings account" mean those terms as defined in the medical care savings account act.

(b) "Medical care savings account act" means the medical care savings account act, Act No. 289 of the Public Acts of 1994, being sections 550.981 to 550.988 of the Michigan Compiled Laws.

History: Add. 1994, Act 290, Imd. Eff. July 13, 1994;—Am. 1996, Act 484, Eff. Jan. 1, 1996.

Compiler's note: Subsection (1) of Section 3 of Act 484 provides:

"Section 3. (1) Sections 264, 274, 439, 440, 471, 475, 506, 512, 522, and 527a of Act No. 281 of the Public Acts of 1967, as amended by this amendatory act, are retroactive and effective January 1, 1996."